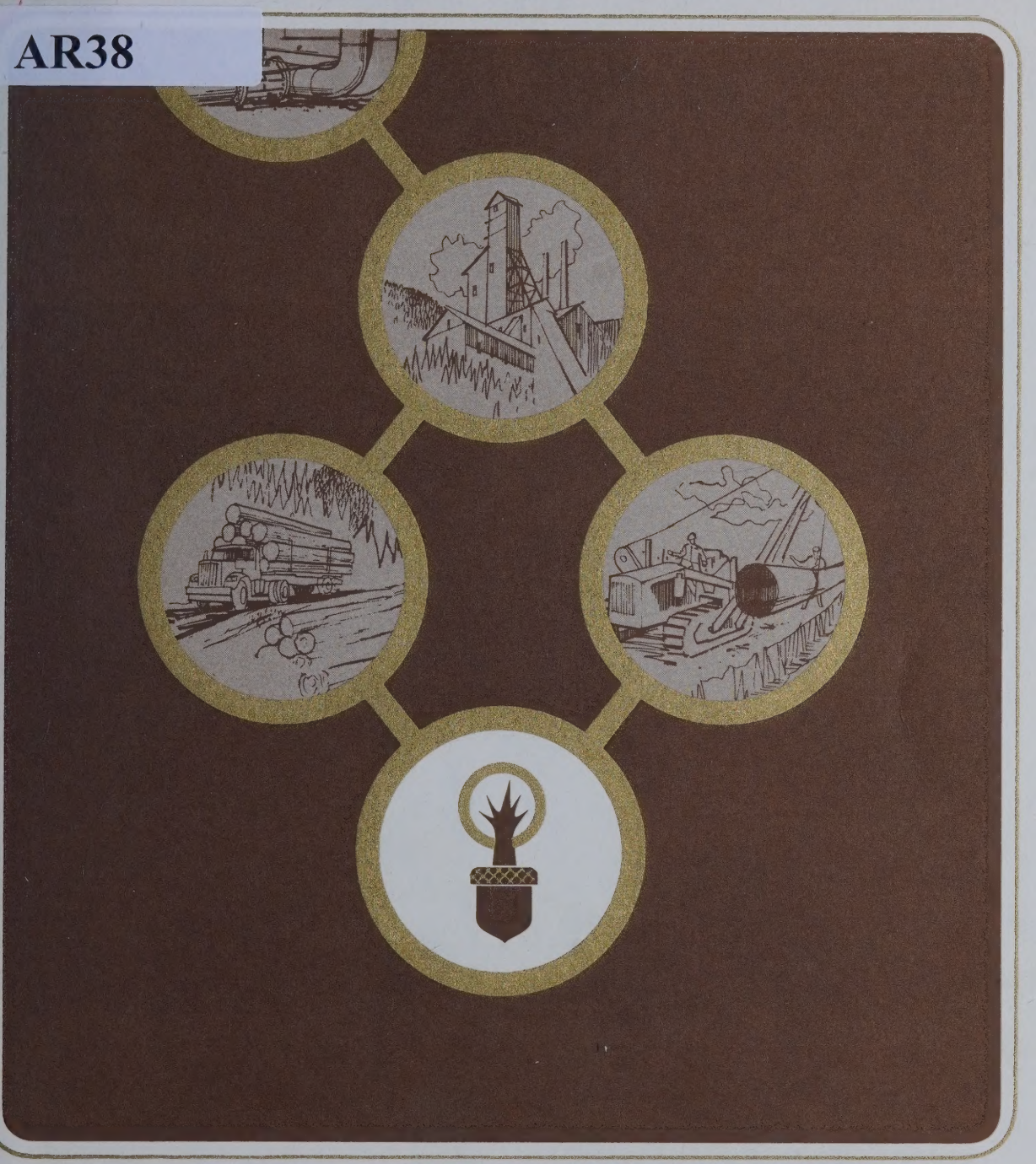
AR38



Canadian Security Growth Fund Ltd.

ANNUAL REPORT 1966



AR38

DIRECTORS

Douglas W. Ambridge, C.B.E., P.Eng.
John H. Brown
Harry J. Carmichael, C.M.G.*
Robert F. Chisholm
John S. Gairdner*
Edward A. Galvin*
J. Howard Hawke
Dr. William F. James, P.Eng.*
B. Bruce Lockwood, Q.C.
James B. Redpath, P.Eng.
William A. Robinson, D.S.O., P.Eng.*
Edward A. Scott*
Ronald G. Smith
Edward A. Walker, C.F.A.*
**Member of Advisory Committee*

OFFICERS

Edward A. Scott, *President*
John S. Gairdner, *Vice-President*
Dr. William F. James, P.Eng., *Vice-President*
Denis R. Desjardins, *Treasurer*
John F. Varcoe, *Secretary*
Engelbert J. Dessailly, *Asst. Treasurer*
Mary J. Turner, *Asst. Secretary*

TRANSFER AGENT AND REGISTRAR

Montreal Trust Company

CUSTODIAN

The Royal Bank of Canada

AUDITORS

Glendinning, Jarrett, Gould & Co.

DISTRIBUTOR AND MANAGEMENT ADVISOR

Canadian Security Management Limited
Canada Square, 2200 Yonge Street
Toronto 12, Canada

Branches

St. John's, Nfld., Halifax, Saint John, N.B., Moncton, Ottawa, Kingston, Peterborough, Willowdale, Barrie, Sudbury, Hamilton, St. Catharines, London, Windsor, Sarnia, Regina, Calgary, Edmonton, Vancouver, New Westminster, Victoria, Frankfurt.

Semi-Annual Report June 30, 1971

Canadian Security Growth Fund Ltd.

member of CMFA The Canadian Mutual Funds Association



TO THE SHAREHOLDERS:

The first half of the year, ended June 30, has seen a steady increase in our net asset value per share from $4.46 to $4.70. This 5.4% gain compares favourably with the 3.6% increase of the Toronto Stock Exchange Industrial Index during the same period. From June 30, 1970 share value improved a substantial 17.5% from $4.00.

The recent budget proposals of the Federal Government should have a favourable effect on the value of the stocks in our portfolio. The Government's insistance upon a 90% Canadian content in the portfolios of registered pension and retirement savings plans will increase the demand for Canadian stocks by the many funds and pension plans which do not presently comply. This, along with the anticipated pressure which will be brought to bear by the creation of contemplated new mutual funds desiring to qualify under this forthcoming legislation, should increase the share price of Canadian companies. Your fund is fully invested in Canadian stocks and will benefit from these increased prices.

Recent United States economic changes should, in the long run, have a stabilizing effect on the North American economy. The reduction of inflationary pressures and a return to a period of higher employment will be of ultimate value to progressive Canadian companies in which we are invested.

A recent directors' meeting approved the payment of a dividend of 5¢ per share payable to shareholders of record August 24 and to be either paid or reinvested as of September 1.

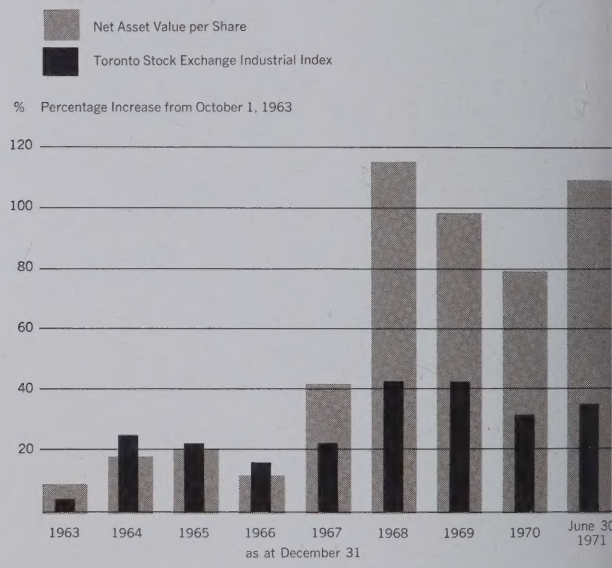
The objective of your Board of Directors is to continue to provide the public with a sound, high quality investment offering the opportunity to enjoy an above average capital appreciation and to offset the continuing erosion of our buying power brought about by inflation.

On behalf of the Directors,

E. A. Scott,
President.

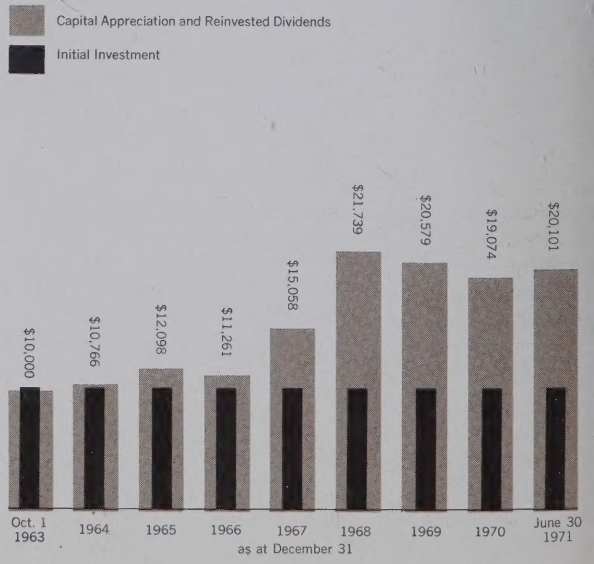
August 20, 1971

Comparison of Performance



Record of $10,000 Investment

This chart shows the record of $10,000 investment in Canadian Security Growth Fund Ltd. from October 1st 1963 to June 30th, 1971, a period of seven and three quarter years after provision for sales charges and management fees. It is based on the reinvestment of all dividends in additional shares.



Investment Portfolio

June 30, 1971

Number of Shares Held		Quoted Market Value	Percent of Total Portfolio
	BANKS		
25,000	Bank of Montreal	$ 396,875	4.0
10,000	Canadian Imperial Bank of Commerce	233,750	2.3
20,000	The Toronto-Dominion Bank	510,000	5.1
		$ 1,140,625	11.4
	TRUST COMPANIES		
30,000	Canada Permanent Mortgage Corporation	$ 442,500	4.4
20,000	The Huron & Erie Mortgage Corporation	430,000	4.3
20,000	National Trust Company Limited	540,000	5.4
10,000	The Royal Trust Company	336,250	3.4
		$ 1,748,750	17.5
	APPAREL		
15,000	J. D. Carrier Shoe Co. Limited	$ 97,500	1.0
15,000	Dominion Textile Co. Ltd	262,500	2.6
25,000	Dylex Diversified Ltd. 'A'	171,875	1.7
10,000	Maher Shoes Limited	220,000	2.2
		$ 751,875	7.5
	FOOD AND BEVERAGE		
15,000	T. G. Bright & Co. Limited	$ 226,875	2.3
10,000	Corporate Foods Limited	86,250	.8
60,200	Horne & Pitfield Foods Ltd.	141,470	1.4
30,000	Loblaw Companies Limited 'A'	168,750	1.7
30,000	Marche Union Inc.	100,500	1.0
		$ 723,845	7.2
	REFINERIES AND PIPELINES		
10,000	Interprovincial Pipe Line Co.	$ 283,750	2.8
20,000	Northern & Central Gas Corporation Limited	320,000	3.2
15,000	Petrofina Canada Ltd.	348,750	3.5
10,000	Shell Canada Limited	361,250	3.6
20,000	Union Gas Company of Canada Limited	320,000	3.2
35,000	Western Pacific Products & Crude Oil Pipelines	218,750	2.2
		$ 1,852,500	18.5
	NEWSPRINT		
20,000	Abitibi Paper Company Ltd.	$ 142,500	1.4
15,000	Consolidated-Bathurst Limited	140,625	1.4
18,000	Domtar Limited	252,000	2.5
		$ 535,125	5.3
	MANUFACTURING		
20,000	Automotive Hardware Limited	$ 170,000	1.7
10,000	I.T.L. Industries Limited	52,500	.5
10,000	Keep Rite Products Limited	130,000	1.3
10,000	Kelsey-Hayes Canada Limited	70,000	.7
20,000	Massey-Ferguson Limited	212,500	2.1
25,000	MLW-Worthington Limited	343,750	3.5
12,500	Steel Company of Canada Limited	320,312	3.2
		$ 1,299,062	13.0
	MINING COMPANIES		
10,000	Alcan Aluminum Limited	$ 225,000	2.3
7,000	Cominco Ltd.	161,000	1.6
2,000	Falconbridge Nickel Mines Ltd.	230,000	2.3
		$ 616,000	6.2
	MISCELLANEOUS		
5,000	Bell Canada Ltd.	$ 231,875	2.3
50,000	Cornat Industries Limited	67,500	.7
50,000	The Glengair Group Limited	100,000	1.0
25,300	Superior Electronics Industries Ltd.	98,670	1.0
		$ 498,045	5.0
	MISCELLANEOUS SMALL HOLDINGS	$ 143,110	1.4
	TOTAL COMMON	$ 9,308,937	93.0
	BONDS, PREFERRED AND CONVERTIBLES		
8,000	Bell Canada Ltd. Pfd.	$ 416,000	4.2
10,000	Canadian Industrial Gas & Oil Ltd. Pfd.	252,500	2.5
$200,000	Capital Diversified Industries Limited	114,000	1.1
$250,000	National Nursing Homes Ltd.	175,000	1.7
$250,000	Royal Bank of Canada	246,250	2.5
		$ 1,203,750	12.0
	TOTAL PORTFOLIO	$10,512,687	105.0%
	LIABILITIES	$ (499,358)	(5.0)
	TOTAL ASSETS	$10,013,329	100.0%

Canadian Security Growth Fund Ltd.

Statement of Income and Expenses

For the six months ended June 30, 1971
(With comparative figures for 1970)

	1971	1970
Gross income from investments	$ 168,848	$ 223,284
Less: Total operating expenses	64,740	46,273
Income for the period prior to provision for income taxes	$ 104,108	$ 177,011
Less: Provision for income taxes	$ 56,951	$ 26,203
Net income for the period	$ 47,157	$ 150,808

Statement of Change in Net Assets

For the six months ended June 30, 1971
(With comparative figures for 1970)

	1971	1970
Net Assets at beginning of year	$10,408,868	$11,403,467
Net income for the period	47,157	150,808
Net realized appreciation (depreciation) on investments (A)	80,307	105,867
Net unrealized appreciation (depreciation) on investments	426,776	(2,195,582)
Proceeds from shares issued	709,242	1,044,582
	$11,672,350	$10,509,142
Cost of shares redeemed	$ 1,659,021	$ 1,093,810
Dividends paid	—	114,801
	$ 1,659,021	$ 1,208,611
Net Assets at end of period	$10,013,329	$ 9,300,531
Net asset value per preference share as at Dec. 31, 1970	$ 4.46	$ 4.94
Net asset value per preference share as at June 30, 1971	4.70	4.00
Distribution per preference share	—	0.05
Number of preference shares outstanding	2,130,092	2,322,618
(A) Net realized appreciation on investments		
Proceeds from sale of investments	$ 1,799,207	$ 2,162,017
Average cost of investments at beginning of year	$ 9,007,789	$ 8,532,832
Cost of investments purchased during period	3,808,798	3,129,295
	$12,816,587	$11,662,127
Average cost of investments at end of period	11,097,687	9,605,977
Average cost of investments sold during period	$ 1,718,900	$ 2,056,150
Net realized appreciation on investments	$ 80,307	$ 105,867

Net income per share for the period ended June 30, 1971 was .0221 cents (1970 .0651 cents) based on the average number of shares outstanding during the period eligible for distribution.

Canadian Security Growth Fund Ltd.

To the Shareholders:

It is most gratifying to report on the progress of your Fund during the past quarter. Monetary restraints, combined with political and economic uncertainties effected the attitude of investors during the first quarter of this year resulting in a stock market decline. Since the decline, a notable recovery has taken place. While some of the stock market indices have recovered to former high levels, reached earlier in the year, it is interesting to note that the per share asset value of your Fund has risen since March 31st from $6.86 to $8.57, for a percentage increase of 24.7%, as compared to the Toronto Stock Exchange Industrial Index increase of 13.4% for the same period. It would appear that there is justification to reiterate the benefits of professional management.

Total net assets increased over the period by 63.4%. The number of shares outstanding has risen from 261,239 to 341,693. A dividend of 7c per share has been paid or reinvested since our last report.

The Canadian business community has developed renewed optimism, in some measure, from the recent election of a majority government, and some indications of a levelling off or decrease in interest rates. Most Canadian business leaders, as indicated in a recent survey, expect both increased sale and profits for the last half of 1968, compared to those experienced during the first six months.

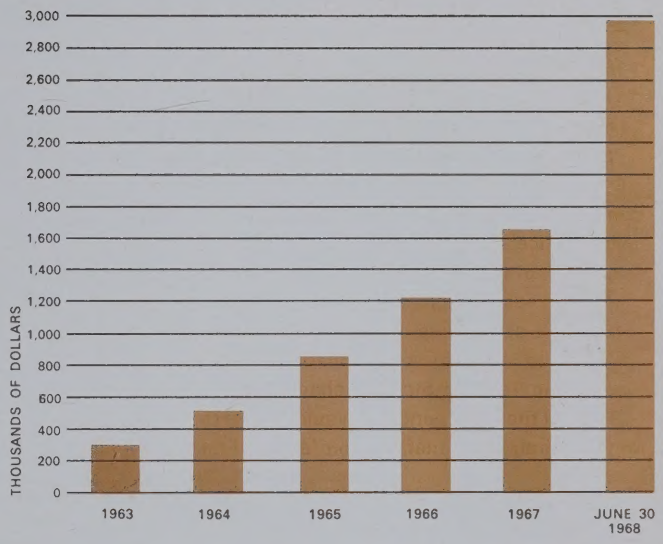
The investment aims of your Directors continue to be to select, for inclusion in the portfolio, those issues that seem most likely to achieve above average capital appreciation consistent with the least risk. This philosophy has resulted in a comparitive performance surpassing the majority of Canadian Mutual Funds during the year. Our continuance of this policy into the future should provide an investment vehicle that offers protection for savings against the accelerated inflation, caused by the demands for increased wages, which continues to effect our economy and living costs.

G. C. Ferguson

President

July 19, 1968.

GROWTH OF ASSETS



RECORD OF $10,000 INVESTMENT



Capital Appreciation and Reinvested Dividends

Initial Investment

This chart shows the record of a $10,000 investment in shares of Canadian Security Growth Fund Ltd. from October 1, 1963 to June 30, 1968, a period of four and three quarter years, after provision for sales charges and management fees. It is based on the re-investment of all dividends in additional shares.

CANADIAN SECURITY GROWTH FUND LTD.

INVESTMENT PORTFOLIO

As at June 30, 1968

No. of Shares Held		Quoted Market Value	Percentage of Total Portfolio
	FINANCE		
3,000	Bank of Montreal	$ 42,000	1.6
5,000	Canada Permanent Mortgage Company	51,875	2.0
5,000	Guaranty Trust Company of Canada	48,125	1.8
5,000	Huron and Erie Mortgage Corporation	60,000	2.3
4,000	National Trust Company, Limited	77,000	2.9
5,000	The Bank of Nova Scotia	100,000	3.8
5,000	The Canadian Imperial Bank of Commerce	84,375	3.2
3,000	The Royal Bank of Canada	54,750	2.1
5,000	The Royal Trust Company	100,000	3.8
5,000	The Toronto-Dominion Bank	88,750	3.4
		$ 706,875	26.9
	FOOD AND MERCHANDISING		
3,000	George Weston Limited, Class 'B'	$ 48,375	1.9
18,000	Horne & Pitfield Foods Ltd.	57,600	2.2
1,000	Levy Industries Limited	30,000	1.1
10,000	Loblaw Companies Limited	81,250	3.1
4,000	Maher Shoes Ontario Limited	79,000	3.0
		$ 296,225	11.3
	MANUFACTURING		
300	Burroughs Corp.	$ 64,661	2.5
200	International Business Machines	76,056	2.9
9,000	I.T.L. Industries Ltd.	159,750	6.1
2,000	Kelsey-Hayes Canada Limited	25,500	1.0
1,000	Massey-Ferguson Limited	18,250	.7
		$ 344,217	13.2
	MISCELLANEOUS		
4,000	Atlantic Sugar Refineries Co. Ltd.	$ 27,000	1.0
5,000	Bramalea Consolidated Developments Ltd.	150,000	5.7
15,000	Glengair Group Limited	36,750	1.4
3,000	Harding Carpets Limited "A"	40,500	1.5
5,000	Imperial Corp. of America	63,156	2.4
10,000	Markborough Properties Limited	90,000	3.4
1,000	Metro-Goldwyn-Mayer, Inc.	44,344	1.7
1,000	National Distillers and Chemicals Corporation	43,806	1.7
7,500	Radio Engineering Products Limited	223,125	8.5
		$ 718,681	27.3
	OIL, GAS AND PIPELINE		
1,000	British American Oil Co. Ltd.	$ 42,500	1.6
700	Imperial Oil Limited	46,463	1.8
1,000	Shell Canada Limited	28,500	1.1
1,000	Texaco Canada Limited	33,500	1.3
5,000	Trans-Mountain Oil Pipe Line Company	71,250	2.7
4,000	Union Gas Company of Canada, Limited	63,500	2.4
		$ 285,713	10.9
	PUBLIC UTILITIES		
1,000	British Columbia Telephone Company	$ 57,875	2.2
3,000	Greyhound Lines of Canada Ltd.	39,750	1.5
2,000	The Bell Telephone Company of Canada	89,250	3.4
		$ 186,875	7.1
	PULP AND PAPER		
3,000	The Price Company Limited	$ 33,000	1.3
	SENIOR MINING		
500	Falconbridge Nickel Mines Limited	$ 52,500	2.0
	TOTAL PORTFOLIO	$2,624,086	100.0%
	Net Current Assets	303,541	
	Shareholders' Equity	$2,927,627	
	NET ASSET VALUE PER SHARE (341,693 Shares)	$ 8.57	

NOTE: The quoted market value of all U.S. securities is shown in the Canadian dollar equivalent calculated on the basis of the exchange rate in effect on June 30, 1968.

CANADIAN SECURITY GROWTH FUND LTD.

STATEMENT OF INCOME AND EXPENSES

For the six months ended June 30, 1968

(With comparative figures for 1967)

	1968	*1967*
Gross income from investments	$31,388	*$24,441*
Less: Total operating expenses	10,259	*7,504*
Income for the period prior to provision for income taxes	$21,129	*$16,937*
Less: Foreign withholding taxes	$ 135	*$ 518*
Provision for income taxes	250	*450*
	$ 385	*$ 968*
Net income for the period	$20,744	*$15,969*

STATEMENT OF SOURCE AND USE OF FUNDS

For the six months ended June 30, 1968

(With comparative figures for 1967)

SOURCE OF FUNDS	1968	*1967*
From operations		
Net income for the period	$ 20,744	*$ 15,969*
Net realized appreciation (depreciation) on investments	(1,331)	*34,129*
Net unrealized appreciation on investments	343,467	*225,359*
Net proceeds (disbursements) on the issue and redemption of preference shares	923,084	*(12,285)*
	$1,285,964	*$ 263,172*
USE OF FUNDS		
Dividends paid	$ 20,311	*$ 14,997*
	$ 20,311	*$ 14,997*
NET INCREASE IN WORKING CAPITAL	$1,265,653	*$ 248,175*
Working capital at beginning of year	1,661,974	*1,226,020*
WORKING CAPITAL AT END OF PERIOD	$2,927,627	*$1,474,195*

AR38

DIRECTORS

Douglas W. Ambridge, C.B.E., P.Eng.
Dr. F. R. Burton, P.Eng.
Harry J. Carmichael, C.M.G.*
Graham C. Ferguson*
John S. Gairdner*
Edward A. Galvin*
Robert M. Green
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Ronald G. Smith
Edward A. Walker*
**Member of Advisory Committee*

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John S. Gairdner, *Vice-President*
Dr. William F. James, P.Eng., *Vice-President*
B. Bruce Lockwood, *Secretary*
E. J. Dessailly, *Treasurer*
Mrs. Marlene L. Yates, *Asst. Secretary*

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AUDITORS

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Toronto 12, Canada

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Printed in Canada

CANADIAN SECURITY GROWTH FUND LTD.

INTERIM REPORT

JUNE 30, 1968



Canadian Security Growth Fund Ltd.

To the Shareholders:

It is a pleasure to report to you, our shareholders, on the operations of your Fund for the first half of 1967. Since the beginning of the year the downward trend which affected the stock market during 1966 has been reversed and more than offset by a general increase affecting most industrial issues.

During this six month period the net asset value per share of our Fund has increased from $5.70 to $6.92 for an impressive gain of over 20%. Your Fund has also paid or re-invested a dividend of 7¢ per share. The general increase in stock prices has resulted in a rise by the Toronto Stock Exchange Industrial Index of 11.5%. The comparitive performance of our Fund has once again proven the benefits of research, management and constant supervision.

Total net assets of the Fund increased during the period from $1,226,020 to $1,474,195.

Your Fund's objective continues to be to invest in a diversification of growth industries, giving priority to good long term situations that are compatable with reasonable income. Prices on Canadian stock markets have quietly risen to their highest average levels in more than a year. Your directors have always emphasized investment in Canadian issues, although we are also alert to unusual opportunities elsewhere. The growth potential of Canadian industries in which your Fund has invested far outweighs the risk of investing in foreign securities for possible spectacular or short term gains. For that reason the philosophy of your management will continue to be to invest primarily in Canadian securities.

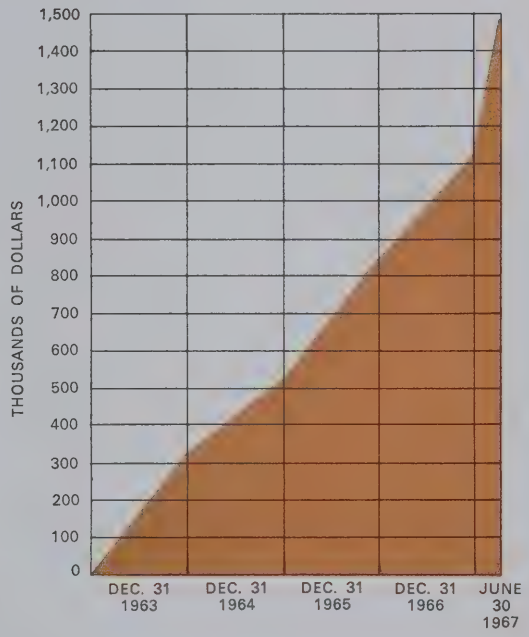
Our Centennial Year has seen an ever increasing awareness by Canadians of their national identity. This has led, and will lead, to a similar increase in awareness of the rewards to be obtained from investments in those companies which support our economy. Canadian Security Growth Fund, with its wide diversification and successful investment philosophy, will continue to be an ideal vehicle for those who wish to participate in Canada's future.

Graham C. Ferguson

President

August 3, 1967.

GROWTH OF ASSETS



RECORD OF $10,000 INVESTMENT



This chart shows the record of a $10,000 investment in shares of Canadian Security Growth Fund Ltd. from October 1, 1963 to June 30, 1967, a period of three and three quarter years, after provision for sales charges and management fees. It is based on the re-investment of all dividends in additional shares.

CANADIAN SECURITY GROWTH FUND LTD.

INVESTMENT PORTFOLIO

As at June 30, 1967

No. of Shares Held		Quoted Market Value	Percentage of Total Portfolio
	FINANCE		
1,000	Bank of Montreal	$ 13,000	.9
3,000	Canada Permanent Mortgage Corporation	32,250	2.2
2,000	National Trust Company, Limited	36,000	2.5
1,250	The Bank of Nova Scotia	17,813	1.2
250	The Canadian Imperial Bank of Commerce	16,531	1.1
1,000	The Royal Bank of Canada	15,750	1.1
1,250	The Toronto-Dominion Bank	16,406	1.1
		$ 147,750	10.1
	FOOD AND MERCHANDISING		
1,000	Armour & Co. Inc.	$ 38,700	2.7
1,000	George Weston Limited, Class 'A'	18,750	1.3
1,000	George Weston Limited, Class 'B'	20,000	1.4
15,000	Horne & Pitfield Foods Ltd.	50,250	3.4
4,000	Loblaw Companies Limited 'B'	30,500	2.1
3,000	Maher Shoes Ontario Limited	39,000	2.7
2,000	Steinberg's Ltd. 'A'	38,500	2.6
		$ 235,700	16.2
	MANUFACTURING		
1,000	A.C.F. Industries Limited	$ 55,900	3.8
1,500	C.A.E. Industries Limited	13,500	.9
2,300	F.P.E. Pioneer Electric Ltd. Class 'A'	52,900	3.6
6,000	Industrial Wire & Cable Co. Ltd.	37,500	2.6
3,000	I.T.L. Industries Ltd.	100,125	6.9
2,000	Kelsey Wheel Co. Ltd.	32,000	2.2
1,000	Massey-Ferguson Limited	21,375	1.5
1,000	Union Carbide Canada Limited	20,250	1.4
		$ 333,550	22.9
	MISCELLANEOUS		
4,000	Atlantic Sugar Refineries Co. Ltd.	$ 40,000	2.7
4,000	Bramalea Consolidated Developments Ltd.	44,000	3.0
15,000	Glengair Group Limited	28,500	2.0
4,000	Imbrex Ltd.	27,500	1.9
1,000	National Distillers and Chemicals Corporation	49,719	3.4
5,000	Revenue Properties Co. Ltd.	48,750	3.3
		$ 238,469	16.3
	OIL, GAS AND PIPELINE		
1,000	British American Oil Co. Ltd.	$ 37,500	2.6
700	Imperial Oil Limited	43,925	3.0
740	Jefferson Lake Petrochemicals of Canada Ltd.	27,935	2.0
1,000	Shell Canada Limited	27,500	1.9
2,000	Texaco Canada Limited	57,000	3.9
1,000	Trans-Mountain Oil Pipe Line Company	19,625	1.3
4,000	Union Gas Company of Canada Ltd.	58,000	3.9
		$ 271,485	18.6
	PUBLIC UTILITIES		
2,000	Greyhound Lines of Canada Ltd.	$ 53,750	3.7
1,000	The Bell Telephone Company of Canada Ltd.	48,625	3.3
		$ 102,375	7.0
	PULP AND PAPER		
1,000	British Columbia Forest Products Limited	$ 19,250	1.3
3,000	The Price Company Limited	35,250	2.4
		$ 54,500	3.7
	SENIOR MINING		
400	Falconbridge Nickel Mines Limited	$ 34,400	2.4
200	International Nickel Company of Canada Limited	20,300	1.3
400	Noranda Mines Limited	21,350	1.5
		$ 76,050	5.2
	TOTAL PORTFOLIO	$1,459,879	100.0%
	Net Current Assets	14,316	
	Shareholders' Equity	$1,474,195	
	NET ASSET VALUE PER SHARE (212,879 Shares)	$ 6.92	

NOTE: The quoted market value of all U.S. securities is shown in the Canadian dollar equivalent calculated on the basis of the exchange rate in effect on June 30, 1967.

AUDITORS' REPORT

To the Directors,
CANADIAN SECURITY GROWTH FUND LTD.

We have examined the foregoing investment portfolio of Canadian Security Growth Fund Ltd. as at June 30, 1967 and in our opinion it presents fairly the information it purports to show.

Toronto, Ontario,
August 3, 1967.

GLENDINNING, JARRETT, GOULD & CO.
Chartered Accountants

CANADIAN SECURITY GROWTH FUND LTD.

STATEMENT OF INCOME AND EXPENSES

For the six months ended June 30, 1967

(With comparative figures for 1966)

	1967	*1966*
Gross income from investments	$24,441	*$14,947*
Less: Total operating expenses	7,504	3,426
Income for the period prior to provision for income taxes	$16,937	*$11,521*
Less: Foreign withholding taxes	$ 518	*$ 294*
Provision for income taxes	450	*200*
	$ 968	*$ 494*
Net income for the period	$15,969	*$11,027*

STATEMENT OF SOURCE AND USE OF FUNDS

For the six months ended June 30, 1967

SOURCE OF FUNDS	
From operations	
Net income for the period	$ 15,969
Net realization of investments in excess of cost	34,129
Net unrealized appreciation on investments	225,359
	$ 275,457
USE OF FUNDS	
Net disbursements on the issue and redemption of preference shares	$ 12,285
Dividends paid	14,997
	$ 27,282
NET INCREASE IN WORKING CAPITAL	$ 248,175
Working captial at beginning of year	1,226,020
WORKING CAPITAL AT END OF PERIOD	$1,474,195

NOTE: Comparative figures for the six months ended June 30, 1966 were not readily available.

AUDITORS' REPORT

To the Directors,
CANADIAN SECURITY GROWTH FUND LTD.

We have examined the statements of income and expenses, and source and use of funds of Canadian Security Growth Fund Ltd. for the six months ended June 30, 1967. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying statements of income and expenses, and source and use of funds present fairly the results of the operations of the Company for the period ended June 30, 1967 in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,
August 3, 1967.

GLENDINNING, JARRETT, GOULD & CO.
Chartered Accountants

AR38

DIRECTORS

Douglas W. Ambridge, C.B.E., P.Eng.
Dr. F. R. Burton, P.Eng.
Harry J. Carmichael, C.M.G.
Graham C. Ferguson
John S. Gairdner
Edward A. Galvin
Robert M. Green
J. Howard Hawke
Dr. William F. James, P.Eng.
B. Bruce Lockwood
James B. Redpath, P.Eng.
William A. Robinson, D.S.O., P.Eng.
Ronald G. Smith
Arthur G. Walwyn

OFFICERS

Graham C. Ferguson, *President and Treasurer*
John S. Gairdner, *Vice-President*
Dr. William F. James, P.Eng., *Vice-President*
B. Bruce Lockwood, *Secretary*
E. J. Dessailly, *Asst. Treasurer*
Mrs. Marlene L. Yates, *Asst. Secretary*

TRANSFER AGENT AND REGISTRAR

Montreal Trust Company
Halifax, Montreal, Toronto, Winnipeg and Vancouver

CUSTODIAN

A Canadian Chartered Bank

DISTRIBUTOR AND MANAGEMENT ADVISOR

Canadian Security Management Limited
Canada Square, 2200 Yonge Street
Toronto 12, Canada.

Branches

Halifax, Saint John, N.B., Ottawa, Kingston, Peterborough,
Don Mills, Toronto, Barrie, Sudbury, Hamilton,
St. Catharines, London, Windsor, Regina, Calgary,
Vancouver, Victoria, Hong Kong.



Canadian Security Growth Fund Ltd.

SEMI-ANNUAL REPORT

June 30, 1967

Canadian Security Growth Fund Ltd.



GRAHAM C. FERGUSON

Directors' Report to the Shareholders:

It is a pleasure to report that Canadian Security Growth Fund Ltd. experienced a considerable increase in shareholders' equity in spite of the general retrenchment of the investment industry and the downward pressures that affected virtually all sectors of the economy. Total net assets of the Fund increased during the year from $845,440 to $1,226,020 for a gain of 45.0 per cent.

The general stock market decline resulted in the Toronto Stock Exchange Industrial Index being lowered by 12.4 per cent. By comparison, the net asset value per share of your Fund declined by 8.8 per cent from $6.24 to $5.70. During the year, dividends totalling 13 cents were declared and either reinvested or paid.

The primary objective of the Fund is to invest in a wide diversification of industries where management considers the best opportunity for long term growth exists, consistent with reasonable income. Temporary stock market declines do not alter this basic investment philosophy. Therefore, as the flow of new money into the Fund continues, the management will continue to seek growth type investment opportunities to provide a degree of protection against the inroads of inflation and will remain cognizant of the need to diversify to assure advantage is being taken of most sound investment situations.

As we enter 1967, there appears to be a bottoming out of the economic downward trends started last year. Authoritative information and statistics indicate that Canada can look

forward to a generous increase in exports this year which should result in benefits for many of the manufacturing companies in which your Fund has invested. Recent increases in copper and aluminum prices should improve earnings from those companies involved in the production of these metals.

Steel companies are increasing their prices. Banking legislation could be beneficially changed to allow greater margin of profits for our chartered banks. There will be an increase in tourism as Canada makes ready to receive a record number of visitors at Expo 67, and other Centennial events.

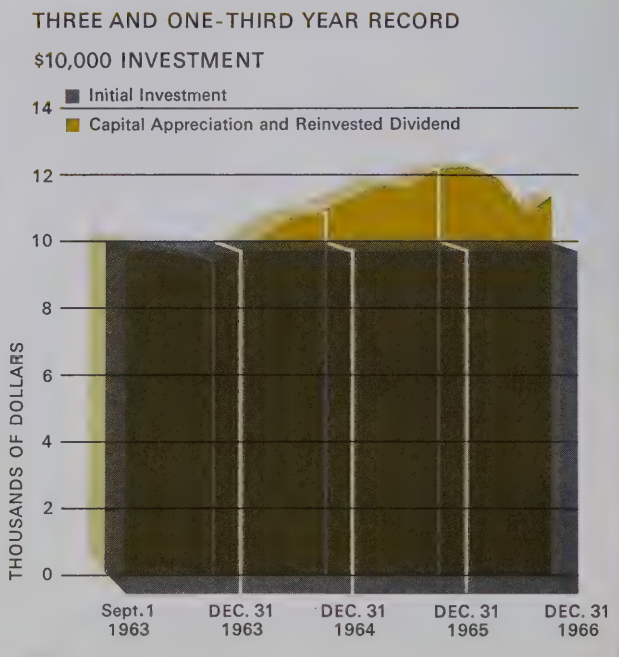
As we enter 1967, it is even more valid than it was one hundred years ago to regard Canada as a land of opportunity: opportunity to work, earn—and invest.

On behalf of the Board of Directors,

Graham C. Ferguson,
President.

January 25, 1967.

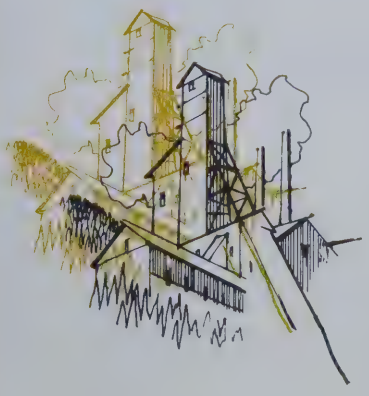


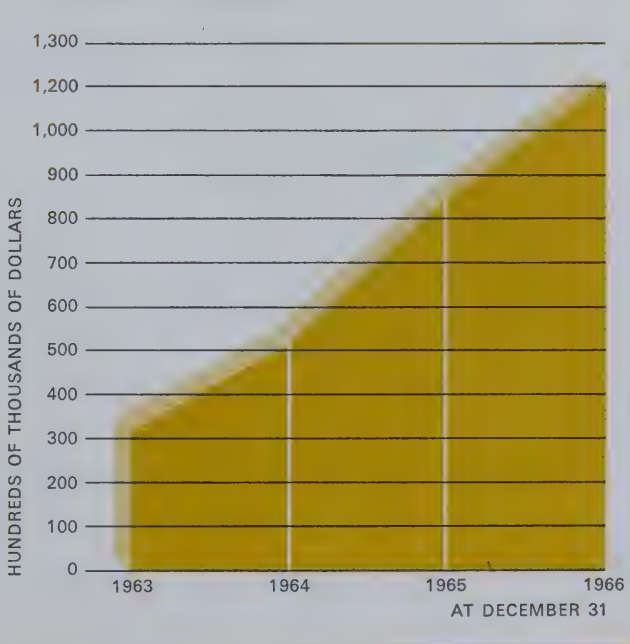


This chart shows the record of $10,000 investment in Canadian Growth Fund Ltd. from September 1st 1963 to December 31st 1966, a period of three and one third years after provision for sales charges and management fees. It is based on the re-investment of all dividends in additional shares.

SUMMARY OF PERFORMANCE

	December 31 1966	1965	% Change
Net assets (Shareholders' Equity)	$1,226,020	$845,440	+ 45.0
Net asset value per share	$ 5.70	$ 6.24	— 8.7
Dividends per share paid or reinvested	$ .13	$ .12	
Preference shares outstanding	215,008	135,422	+ 58.8
Face Value of Contractual Plans on record	$1,092,250	$606,500	+ 80.1
Numbers of Shareholders and Planholders	302	202	+ 49.5





Canadian Security Growth Fund Ltd.

INVESTMENT PORTFOLIO AS AT DECEMBER 31, 1966

No. Shs. Held		Quoted Market Value	Percentage of Total Portfolio
	FINANCE		
200	Bank of Montreal	$ 10,575	1.1
2,000	National Trust Company, Limited	32,500	3.5
250	The Bank of Nova Scotia	16,000	1.7
250	The Canadian Imperial Bank of Commerce	14,500	1.6
200	The Royal Bank of Canada	13,800	1.5
250	The Toronto-Dominion Bank	14,250	1.5
	(1965: $95,001 11.8%)		
		$101,625	10.9
	MERCHANDISING		
2,000	A. J. Freiman Limited	$ 10,000	1.1
1,000	Foremost Dairies, Inc.	21,675	2.3
1,000	George Weston Limited "A"	18,750	2.0
2,000	Loblaw Companies Limited "B"	16,500	1.8
2,000	Maher Shoes Ontario Limited	20,500	2.2
1,000	National Distillers and Chemicals Corporation	43,078	4.6
	(1965: $74,575 9.3%)		
		$130,503	14.0
	MANUFACTURING		
1,500	C A E Industries Limited	$ 12,000	1.3
500	Gillette Company	22,759	2.5
2,000	Hayes-Dana Limited	18,000	2.0
8,000	Industrial Wire & Cable Co. Ltd.	37,200	4.0
3,000	I.T.L. Industries Limited	35,250	3.8
2,000	Kelsey Wheel Co. Ltd.	25,750	2.8
1,050	Mack Trucks, Inc.	35,276	3.8
1,000	Massey-Ferguson Limited	22,625	2.4
900	M S L Industries, Inc.	25,604	2.7
1,000	True Temper Corporation	20,727	2.2
1,000	Union Carbide Canada Limited	19,625	2.1
	(1965: $237,688 29.7%)		
		$274,816	29.6

No. Shs. Held		Quoted Market Value	Percentage of Total Portfolio
	MISCELLANEOUS		
4,000	Atlantic Sugar Refineries Co. Ltd.	$ 36,500	4.0
600	Aluminium Limited	18,075	2.0
2,000	Greyhound Lines of Canada Ltd.	38,500	4.2
4,000	Imbrex Ltd.	17,000	1.8
740	Jefferson Lake Petrochemicals of Canada Ltd. (1965: $83,352 10.5%)	18,500	2.0
		$128,575	14.0
	PUBLIC UTILITIES		
570	The Bell Telephone Company of Canada Ltd.	$ 26,505	2.9
3,000	Union Gas Company of Canada Ltd. (1965: $48,138 6.0%)	31,500	3.4
		$ 58,005	6.3
	PULP AND PAPER		
2,000	Abitibi Paper Company Limited	$ 19,750	2.1
1,000	British Columbia Forest Products Limited	19,750	2.1
1,500	The Price Company Limited (1965: $14,700 1.8%)	18,375	2.0
		$ 57,875	6.2
	REFINERIES AND PIPE LINES		
500	Imperial Oil Limited	$ 28,812	3.1
600	Trans-Canada Pipe Lines Limited	14,700	1.6
1,000	Trans-Mountain Oil Pipe Line Company (1965: $110,391 13.8%)	16,500	1.8
		$ 60,012	6.5
	SENIOR MINING		
1,000	Asbestos Corporation Ltd.	$ 20,250	2.2
200	Falconbridge Nickel Mines Limited	17,425	1.9
200	International Nickel Company of Canada Limited	18,975	2.1
400	Noranda Mines, Limited (1965: $84,188 10.4%)	19,800	2.1
		$ 76,450	8.3
	STEEL PRODUCERS		
1,000	Steel Company of Canada Limited	$ 20,000	2.2
1,000	U.S. Pipe and Foundry Company (1965: $44,178 5.5%)	18,559	2.0
		$ 38,559	4.2
		$926,420	100.0

Canadian Security Growth Fund Ltd.

(Incorporated under the laws of the Province of Ontario)

Balance Sheet

As at December 31, 1966 (With comparative figures for 1965)

ASSETS

	1966	1965
CURRENT		
Cash	$ 60,819	$ 22,468
Government of Canada Treasury Bills		100,000
Demand notes	250,000	
Accounts receivable for shares sold	216	19,528
Interest and dividends receivable	3,964	2,714
Investments at quoted market value	926,420	801,861
(Cost—1966 $963,923 —1965 $707,391)		
	$1,241,419	$946,571

LIABILITIES

CURRENT		
Accounts payable—investments purchased	$ 12,477	$100,027
—other	1,554	794
Income taxes	1,368	310
	$ 15,399	$101,131

SHAREHOLDERS' EQUITY

Capital stock		
Voting and participating redeemable preference shares with a par value of $1 each		
Authorized		
9,973,850 shares after redemption of 26,150 shares to date		
Outstanding		
215,008 shares	$ 215,008	
135,422 shares		$135,422
Common shares with a par value of $1 each		
Authorized —15 shares		
Outstanding—12 shares	12	12
Capital redemption reserve	998,733	605,818
Net realized appreciation on investments	41,485	3,724
Earned surplus	8,285	5,994
Unrealized appreciation (net) on investments	(37,503)	94,470
Total Shareholders' equity	$1,226,020	$845,440
	$1,241,419	$946,571

Approved on behalf of the Board

G. C. Ferguson, Director

J. S. Gairdner, Director

NOTE: Shareholders' Equity per outstanding participating preference share:
Dec. 31, 1966—$ 5.70
Dec. 31, 1965—$ 6.24

To the Shareholders,
CANADIAN SECURITY GROWTH FUND LTD.

We have examined the balance sheet of Canadian Security Growth Fund Ltd. as at December 31, 1966 and the related statements of income and expenses, capital redemption reserve, earned surplus and unrealized appreciation (net) on investments for the year ended on that date. We confirmed the securities and cash as at December 31, 1966 by certificates received from the depositories. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of income and expenses, capital redemption reserve, earned surplus and unrealized appreciation (net) on investments present fairly the financial position of the Company as at December 31, 1966 and the results of its operations for the year ended on that date in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,
January 20, 1967.

GLENDINNING, JARRETT, GOULD & CO.
Chartered Accountants

Canadian Security Growth Fund Ltd.

STATEMENT OF INCOME AND EXPENSES

For the Year Ended December 31, 1966 (With comparative figures for 1965)

	1966	1965
INCOME FROM INVESTMENTS		
Dividends from Canadian corporations	$ 25,354	$ 16,997
Dividends from foreign corporations	5,485	821
Short-term investment interest	7,623	2,134
Total income	$ 38,462	$ 19,952
DEDUCT—EXPENSES		
Management fee	$ 5,038	$ 3,075
Office facilities and services	1,582	
Professional fees	735	350
Transfer agent	1,216	313
Miscellaneous	1,414	198
	$ 9,985	$ 3,936
INCOME FOR THE YEAR—prior to provision for income taxes	$ 28,477	$ 16,016
Less: Foreign withholding taxes	$ 773	$ 114
Provision for income taxes	1,350	430
	$ 2,123	$ 544
NET INCOME FOR THE YEAR	$ 26,354	$ 15,472

STATEMENT OF CAPITAL REDEMPTION RESERVE, NET REALIZED APPRECIATION ON INVESTMENTS, EARNED SURPLUS AND UNREALIZED APPRECIATION (NET) ON INVESTMENTS

For the Year Ended December 31, 1966 (With comparative figures for 1965)

	1966	1965
CAPITAL REDEMPTION RESERVE		
Balance at beginning of year	$ 605,818	$373,766
Add: Amount received in excess of par value on issue of preference shares		
1966—93,907 shares	464,316	
1965—56,683 shares		285,885
	$1,070,134	$659,651
Less: Amount applicable to preference shares redeemed in excess of the par value of $1 per share		
1966—14,321 shares at an average price of $4.99	$ 71,401	
1965—10,953 shares at an average price of $4.91		$ 53,833
Balance at end of year	$ 998,733	$605,818
NET REALIZED APPRECIATION ON INVESTMENTS		
Balance at beginning of year	$ 3,724	
Realization of investments in excess of cost	37,761	$ 3,724
Balance at end of year	$ 41,485	$ 3,724
EARNED SURPLUS		
Balance at beginning of year	$ 5,994	$ 3,303
Add: Net income for the year	26,354	15,472
	$ 32,348	$ 18,775
Less: Dividends paid	24,063	12,781
Balance at end of year	$ 8,285	$ 5,994
UNREALIZED APPRECIATION (NET) ON INVESTMENTS		
Balance at beginning of year	$ 94,470	$ 41,638
Unrealized appreciation (depreciation) on investments based on quoted market values at end of year	(131,973)	52,832
Balance at end of year	$ (37,503)	$ 94,470

Canadian Security Growth Fund Ltd.

Canada Square, 2200 Yonge Street, Toronto 12, Canada

DIRECTORS	Douglas W. Ambridge, C.B.E., P.Eng. Dr. F. R. Burton, P.Eng.* Harry J. Carmichael, C.M.G.* Graham C. Ferguson* John S. Gairdner* Edward A. Galvin* Robert M. Green Dr. William F. James, P.Eng.* B. Bruce Lockwood James B. Redpath, P.Eng. William A. Robinson, D.S.O., P.Eng.* Hugh V. Shaw Ronald G. Smith Arthur G. Walwyn **Member of Advisory Committee*
OFFICERS	Graham C. Ferguson, *President and Treasurer* John S. Gairdner, *Vice-President* Dr. William F. James, P.Eng., *Vice-President* B. Bruce Lockwood, *Secretary* E. J. Dessailly, *Asst. Treasurer* Mrs. Marlene L. Yates, *Asst. Secretary*
TRANSFER AGENT AND REGISTRAR	Montreal Trust Company
CUSTODIAN	A Canadian Chartered Bank
AUDITORS	Glendinning, Jarrett, Gould & Co.
DISTRIBUTOR AND MANAGEMENT ADVISOR	Canadian Security Management Limited Canada Square, 2200 Yonge Street Toronto 12, Canada
BRANCHES	Halifax, Saint John, N.B., Ottawa, Kingston, Peterborough, Don Mills, Toronto, Barrie, Sudbury, Hamilton, St. Catharines, London, Windsor, Regina, Calgary, Vancouver, Victoria, Hong Kong.